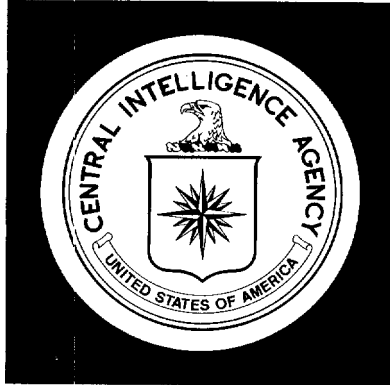


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DIA and DOS review(s) completed.

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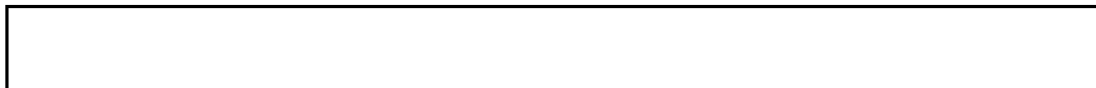
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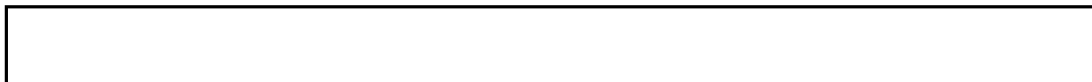
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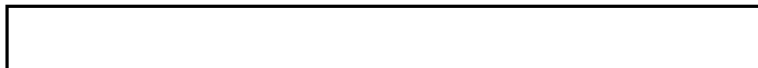
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*ISRAEL-EGYPT: [REDACTED]

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informed the US defense attaché in Tel Aviv yesterday that Cairo is violating the disengagement agreement by moving surface-to-air missile batteries to locations less than 30 kilometers from the UN buffer zone.

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The allegations by the Israelis cannot be confirmed at this time, but at the very least they reflect Tel Aviv's suspicion that the Egyptians may be attempting to strengthen their positions in the same manner as they did following the 1970 cease-fire.

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*USSR-SYRIA: Soviet Foreign Minister Gromyko had an easier time in Damascus than in Cairo, but the communiqué marking the end of his Syrian visit still has the earmarks of a compromise designed to paper over important differences.

The communiqué gave no specific endorsement to the Geneva peace conference, perhaps because the Syrians are reluctant to go to Geneva until they have a clear-cut Israeli commitment to withdraw from all occupied territory.

Moscow has been urging Damascus to participate in the Geneva talks, and the Soviets are almost certainly upset that the Syrians have agreed to conduct disengagement talks with the Israelis in Washington. Gromyko may have urged the Syrians to hold the disengagement talks in Geneva, where the Soviets could play a more direct role.

The communiqué suggests that the Syrians refused to give Gromyko assurances about the US role as an intermediary. For one thing, Damascus did not endorse a Soviet-sponsored clause opposing "imperialist" efforts to undermine Arab unity.

The Soviets and Syrians warned that failure to move toward a settlement risks "a new explosion." This intimation of new hostilities, however, was accompanied by a reference to using "effective means" for liberating occupied territory. Moscow can interpret this as ruling out high-risk military actions in the Golan Heights. Tass, in fact, issued a report while Gromyko was in Damascus labeling as a "provocation" Israeli reports that the Syrians were preparing an offensive.

The communiqué contained hints that lend support to reports of Syrian dissatisfaction with the extent and terms of Soviet military aid. The Syrians stressed the importance of continued Soviet support "in all fields," but the Soviets agreed only to "mutually advantageous" military cooperation with Syria. Unlike the Cairo communiqué, the Damascus statement does pledge the Soviets to continued military assistance.

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Despite their differences, both sides probably feel that Gromyko's visit did some good. Moscow obviously wanted to seize the opportunity to break Secretary Kissinger's monopoly on Middle East diplomacy. For their part, the Syrians probably welcomed the chance to balance the Secretary's visit and to indicate that good ties with Moscow are still a cardinal point in their diplomacy. [REDACTED]

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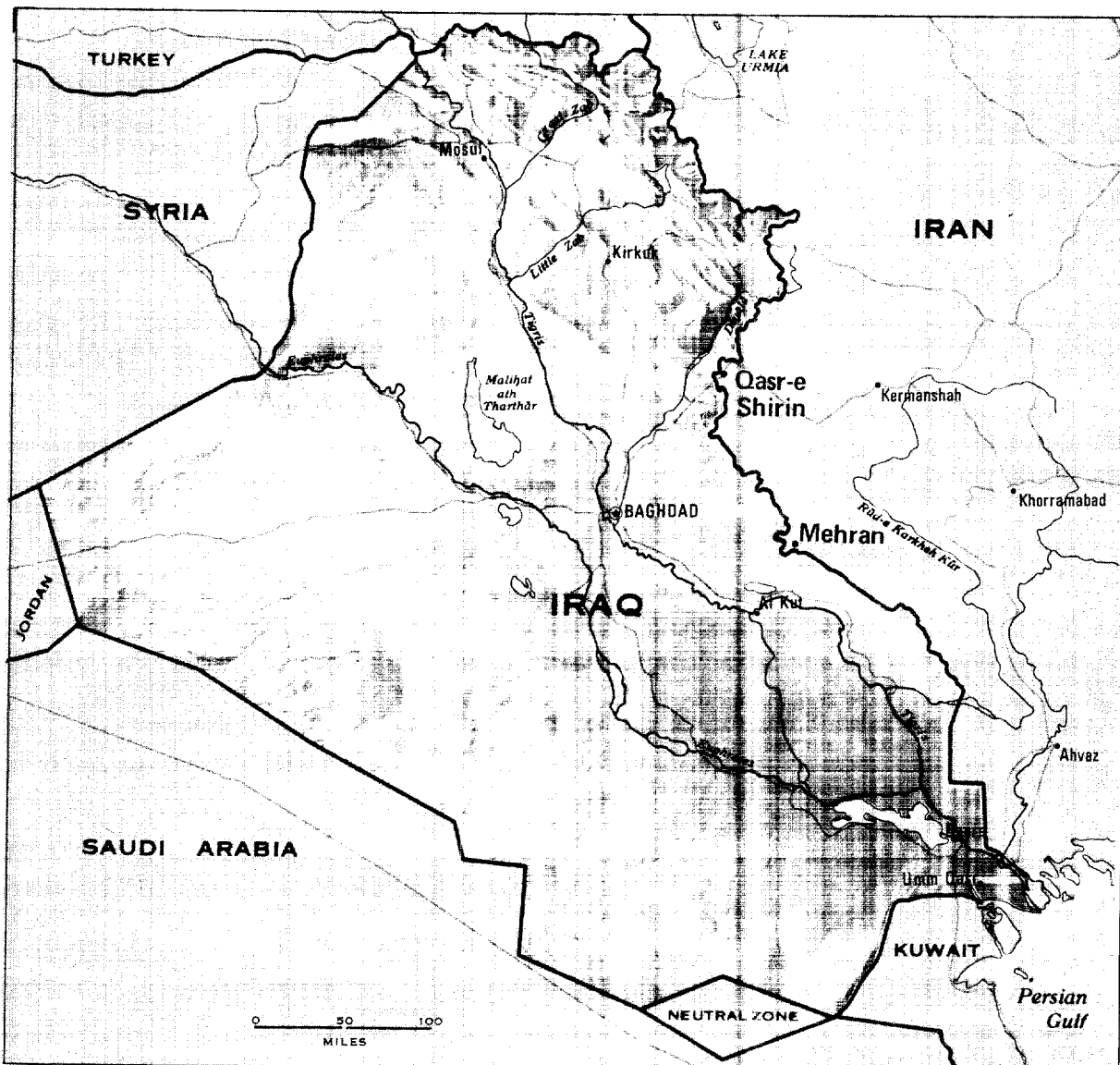
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Iraq-Iran: Forces on Border



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*IRAN-IRAQ: A cease-fire on the Iraq-Iran border was arranged on Thursday by Baathist leader Saddam Husayn al-Tikriti and the new Iranian ambassador to Baghdad, according to an Iranian official. Tehran radio reported yesterday that fighting had ended and that the cease-fire was holding.

Clashes had occurred along a 100-mile stretch of the border from Qasr-e Shirin to Mehran. After sporadic artillery duels early in the week, fighting increased on Wednesday and may have prompted the cease-fire move.

Each side claims the other started the fighting. Tehran officially protested to Baghdad and the UN, and Iraq issued a statement through its chief of staff charging Iran with aggression.

Even while the fighting was in progress, the UN was moving to implement last week's Security Council consensus statement, which called for a report on the border situation by an independent observer. Secretary General Waldheim asked the Mexican ambassador to Bonn, Luis Weckmann, to undertake an on-the-spot study. If Tehran and Baghdad approve Waldheim's choice, Weckmann will take up the task shortly.

The military buildup that began during the border clashes in early February had continued until the cease-fire was arranged. [REDACTED]

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*ETHIOPIA: The first day of the general strike has ended with the unions and the government stalemated and no indication of how long the strike will last.

Almost all the 85,000 members of the Ethiopian Labor Confederation, as well as some non-union workers, are participating, but the strike has been only partially effective. Large stores were closed yesterday and buses were not running, but smaller businesses stayed open and taxis continued to operate. Most unorganized workers were evidently on the job, although the strike prevented the movement of some goods. Some businesses continued to provide services by utilizing management personnel.

The strike has been free of violence so far. Members of the confederation are heeding their leaders' request that they stay off the street so as to avoid a serious confrontation with the government. Students in Addis Ababa demonstrated yesterday against the government, but there were no serious incidents.

The government wants to resume negotiations and is attempting to encourage a positive response by offering to set a timetable for decisions on labor's demands. The cabinet announced that it had considered each of the confederation's 16 demands and that within three to six months it would either reach a decision on each specific item or present draft laws to parliament for issues requiring new legal provisions.

Union leaders reportedly are seeking clarification of the government's position before making a formal reply. At a minimum they will want swift action on their wage demands, but they might be willing to allow the government more time to consider other proposals, including a social security scheme and acceptance of the union's right to organize government workers. There is sentiment in the labor organization to keep the strike short, but militants want to continue the walkout in the hope of extracting concessions from the government.

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Prime Minister Endalkatchew has announced additional measures designed to demonstrate his government's commitment to social and economic change. He promised that an austerity program for state spending would be incorporated in a new budget, which is to be prepared within two weeks. This, he said, would be followed by a wider review of the government's fiscal and economic policies and the preparation of a new economic and social program.

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USSR - INDIAN OCEAN: Two Soviet nuclear-powered submarines--one a V-class attack and the other a C-class guided-missile unit--were sighted in the Indian Ocean [redacted] This is the first time that submarines of these classes have been sent there.

The submarines are believed to have left Northern Fleet waters in January and, when sighted, to be headed toward a Soviet anchorage area in the Gulf of Aden. After operating in the Indian Ocean, they may proceed east and join the Soviet Pacific Fleet.

The C-class submarine, which has been used to track US carriers in the Mediterranean, carries eight SS-N-7 anti-ship missiles. These missiles can be fired from underwater [redacted]

[redacted] The V-class carries up to 32 torpedoes and is used primarily for anti-submarine operations.

The Soviet Indian Ocean naval group also includes two F-class attack submarines. The Soviet surface force there was recently upgraded by the addition of a Kresta II class guided-missile cruiser--the first time a modern surface warship of this class has been in the Indian Ocean. In addition, the surface force includes a destroyer, two ocean escorts, two fleet minesweepers, an amphibious ship, and several auxiliaries. [redacted]

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[REDACTED]

SOUTH VIETNAM: Foreign Minister Vuong Van Bac, since his appointment last fall, has put new vigor into Saigon's campaign to improve its international image and expand diplomatic relations. Saigon began to give greater attention to foreign affairs after the signing of the Paris agreement in January 1973, and already had some success in countering North Vietnamese and Viet Cong diplomatic efforts and in developing new sources of economic aid.

Bac, an experienced diplomat, appears to be more of an activist than his immediate predecessors. Before taking command of the Foreign Ministry, he made a goodwill tour to various capitals in Europe, Asia, the Middle East, and Africa. Since then, he has been trying to expand contacts in areas where Saigon previously had not been active. In recent weeks, South Vietnam has established relations with Saudi Arabia and Chile, and it hopes soon to institute relations with Venezuela. Saigon's most recent success was its one-vote victory last week in blocking the seating of a Viet Cong delegation at the Law of War conference in Geneva.

These gains have been partially offset by recent strains in relations with some of Saigon's neighbors over territorial claims involving possible offshore oil deposits. Both the Philippines and Nationalist China have protested Saigon's occupation of several of the Spratly Islands, and Cambodia is unhappy over South Vietnamese claims in the Gulf of Thailand.

Economic considerations remain a primary motivation behind South Vietnam's diplomatic activities. Saigon is seeking, in particular, improved relations with some developed countries because of its economic problems and uncertainty over future levels of US aid.

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When he visited Saudi Arabia last December, Foreign Minister Bac was apparently promised oil, and an agreement was reached to establish diplomatic relations. Bac told US Embassy officers that the Saudis had agreed to make enough oil available to South Vietnam for its needs, but there is no indication that a deal has been worked out.

[REDACTED]

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THAILAND: Student activists have backed off from a threatened confrontation with the government over a recent incident in which government counter-insurgency forces destroyed a suspected pro-Communist village.

Key student organizations in Bangkok initially reacted to the incident with public demonstrations. They demanded "unconditionally" that the government punish the guilty and make restitution to the villagers. Now, however, former student leader Thirayut Bunmi, who was primarily responsible for student and press interest in the incident, has called off further demonstrations pending results of a government investigation.

Thirayut's backpedaling is the result in part of Prime Minister Sanya's publicly expressed "disappointment" with his activities and by police efforts to portray Thirayut as a Communist sympathizer. More important, it reflects growing awareness by the students that official and public tolerance of their agitation is wearing thin. At the height of Thirayut's campaign, the army openly expressed its readiness to crack down hard on unruly student demonstrators.

Although the government seems to have succeeded in cowing student leaders at least temporarily, it must steer a careful course in handling the incident. If it tries to whitewash the affair, it risks renewed student agitation. On the other hand, it must deal carefully with military sensitivities. The students are about to go on vacation, and the government should have time to find a workable solution. [REDACTED]

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*GERMANY: East and West German negotiators agreed to a protocol for exchanging representatives during two days of talks which ended yesterday in East Berlin.

Preliminary press reports speculate that the West German cabinet will approve the document soon, possibly at its next regular session on March 13. Bonn's chief negotiator, Guenter Gaus, has expressed optimism that the East Germans will follow suit.

No date has been specified for establishing formal ties. Following the last round of talks in late February, however, both sides were hopeful that missions could be set up before the end of June.

The two sides had agreed in early February to the basic form of the protocol. West German insistence on the right to represent West Berlin in East Germany had been a major stumbling block. An acceptable formula has now apparently been worked out allowing Bonn to represent the city. [REDACTED]

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PERU: Two demonstrations which resulted in violence in Lima this week may change the direction of the military government's efforts to build a civilian base of support.

The disturbances apparently resulted in only one death, but the reasons behind the protests--rising prices and new wage demands--may provide the basis for increased opposition to the Velasco government. There have been protests for similar reasons in the past, but this time workers and slum dwellers were joined by women marching with empty pots, a scene likely to disturb Peru's leaders because of their memories of the events that preceded Chilean President Allende's downfall.

For more than five years, the military government has been frustrated in its efforts to build a base of active civilian support. The government's "social mobilization" apparatus, which is designed to produce such a base, has instead caused widespread resentment. The sometimes lukewarm support of the Communist Party has proved to be of little use in countering the disruptive machinations of more extreme leftists. Ironically, the most troublesome opposition has consistently come from precisely the people in whose interests the regime claims to be working.

The situation now may be serious enough to cause the military to turn to its traditional archfoe, the American Popular Revolutionary Alliance (APRA). Still the nation's largest political party, APRA applauds the regime's general intentions but decries the restrictions placed on political activity and the absence of free elections. APRA representatives have met with high-level government officials several times during the past year to discuss possible areas of cooperation. If the protests continue, even the hardest line generals may become more amenable to bargaining with the party in order to forestall more widespread opposition and procure a readymade base of well-organized civilian support.

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GUATEMALA: The government has named the administration-backed presidential candidate, General Kjell Laugerud, the winner of last Sunday's election despite the fact that it privately admits that the moderately leftist opposition candidate, General Efraim Rios, actually has won. Since no candidate was credited with a majority, the Congress, which is government controlled, will have to designate the winner. It will undoubtedly name Laugerud, probably within the next two weeks.

The government's announcement came a few hours after police used force and tear gas to break up a demonstration by Rios supporters. Earlier, Rios had publicly threatened to "paralyze the country" if he were cheated of his victory. He reportedly freed his followers to use whatever tactics they wished to protest the massive government fraud in the election.



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The position of the top general, Defense Minister Rubio, is unclear. He has said that the military should guarantee the constitutional process/



The army may be forced to act if serious violence breaks out. In this event, it might, with Arana's approval, take power and install General Rubio as caretaker chief of state for an indefinite period of time. Arana would, in effect, retain control.

the next few days are critical. If demonstrations can be kept under control, the situation would probably stabilize and Laugerud would assume power next July.

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[REDACTED]

EC-CANADA: Ottawa and the EC Nine apparently are preparing a declaration to define the principles and goals of the EC-Canada relationship.

Informed by the Canadians that Ottawa is drafting a text, the foreign ministers of the Nine on March 4 asked the political directors to prepare a position paper. The French agreed to develop an initial draft.

During the work of drafting of US-European declarations in the EC and NATO over the past year, Canada has attached great importance to staking out an international role separate from Washington. Last fall, French Foreign Minister Jobert suggested that the Canadians should insist on their own declaration rather than settle for a separate reference to Canada in the American-European declaration. West German Foreign Minister Scheel, during a visit to Ottawa last September, agreed in principle to support a separate Canada-EC declaration. Informal discussions have been under way since that time. [REDACTED]

[REDACTED]

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FOR THE RECORD

El Salvador: Despite a terrorist raid on electoral headquarters this week, the government has announced that legislative and municipal elections will be held Sunday as scheduled and that a state of siege will be called only as a last resort. The attack--the latest in a series of violent incidents--was carried out by about 12 persons, probably members of a small militant Communist group, who attempted to burn records. Two National Guardsmen were killed and eight persons were wounded, including three of the terrorists. [REDACTED]

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